

The Director of Central Intelligence

Washington, D.C. 20505

Senior Review Panel

NIC-00300-89
20 March 1989

MEMORANDUM FOR: Acting Director of Central Intelligence

SUBJECT: Senior Review Panel Comments on Draft
Interagency Intelligence Memorandum (IIM):
Reactions to Counternarcotics Programs
in the Key Cocaine Countries of the Andes,
internally dated 9 March 1989

1. The draft, largely descriptive in character, projects a bleak and depressing picture of attempts to counter the growth, processing and distribution of narcotics in the major producing countries of Colombia, Bolivia and Peru. It should have significant value to United States policymakers in identifying the formidable obstacles to efforts by the US to block the flow of drugs from these sources. We have a few comments.

2. Key Judgments. The entire section could be compressed and made hard-hitting. The message is so devastating that a starker presentation might be more effective. These Judgments should, we think, sharply focus on matters of immediate concern to policymakers. Among them:

a. As we read the draft, its chief message is that if there is a solution, it is not to be found in the Andean countries. If this is correct, the finding needs to be more bluntly stated.

b. The draft repeatedly emphasizes that pressuring Andean countries to pursue anti-narcotic operations will be counterproductive and will diminish US ability to advance other objectives, such as promoting democracy, human rights and economic reform. The text does not present much evidence to support this finding. But if it can be defended, it needs to be plainly phrased.

Signers

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c. The draft throughout suggests an implicit answer, but policymakers might appreciate a forthright response to the question: "Should we continue our current counter-narcotics programs in these countries?" If the answer is negative, what other options are there, if any? If the answer is affirmative, is there any realistic way of making them more effective?

3. Finance. We wonder whether it might not be possible to present a firmer grip on several of the financial questions and numbers involved. As examples:

a. The text refers to Andean leaders' hopes for increased US aid, and prudently notes that the amounts are small in comparison to what is available to them through the traffickers. Is any intelligence available indicating the comparative amounts or magnitudes involved? What do current governments have in mind or what would be required in military or economic programs to sway them?

b. To what extent are the enormous amounts of drug money enabling the traffickers literally to "buy" acceptability, immunity, and shares of the countries by putting their huge sums into legitimate businesses? What will such a development mean for the political stability of this region and the countries concerned?

c. Is it possible that the financial aspect is overstressed? As one example (page 7), the text states that much of the opposition to stronger anti-narcotic programs in the three countries stems from the dominant role cocaine has assumed in their economies. Indeed, "drug money has permeated the Colombian economy to the extent that hundreds of thousands, perhaps millions, of Colombians, have a vested interest in the cocaine-dominated status quo" (page 9). Yet statistics shown in accompanying charts do not clearly bear this dominance out, with cocaine activity responsible for the equivalent of approximately 3% of GDP in Colombia and Peru, although higher at 15% in Bolivia. Some clarification may be indicated.

d. The text does not address in much depth the question of financing drug activities. Have any efforts been made--or indeed can anything be done--to shut off transfer of funds into local currency for necessary working capital or other needs by the drug barons? What can be undertaken at the producing country end to inhibit money laundering?

4. Graphics. Text Box #1 helpfully deals with the spread of the narcotics industry to Brazil, Ecuador and Venezuela. The text also presents in some detail the dimensions of the area (five times as large as Texas) and the difficulties--including diverse insurgencies--involved. But most readers would find a bit more on key specifics useful: population and number of farmers involved, the difference which coca growing makes in peasant revenues, the size of the armed forces and other law enforcement bodies, etc.

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